

Senate Study Bill 1202 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE
ON COMMERCE BILL BY
CHAIRPERSON CHAPMAN)

A BILL FOR

1 An Act relating to timely submission of claims by health care
2 providers to health insurers.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 507B.4, subsection 3, paragraph p, Code
2 2019, is amended to read as follows:

3 *p. Payment of interest.* Failure of an insurer to pay
4 interest at the rate of ten percent per annum on all health
5 insurance claims that the insurer fails to timely accept
6 and pay pursuant to section ~~507B.4A~~ 507B.04B, subsection
7 2, paragraph "d". Interest shall accrue commencing on the
8 thirty-first day after receipt of all properly completed proof
9 of loss forms.

10 Sec. 2. Section 507B.4A, Code 2019, is amended by striking
11 the section and inserting in lieu thereof the following:

12 **507B.4A Duty to respond to inquiries.**

13 1. A person shall promptly respond to an inquiry from the
14 commissioner. A person's actions are deemed untimely under
15 this section if the person fails to respond to an inquiry from
16 the commissioner within thirty days of the receipt of the
17 inquiry, unless good cause exists for delay.

18 2. Failure to respond to an inquiry from the commissioner
19 pursuant to this section with such frequency as to indicate a
20 general business practice shall subject the person to penalty
21 under this chapter.

22 Sec. 3. NEW SECTION. **507B.04B Timely submission of claims**
23 **and prompt payment of claims.**

24 1. *a.* For purposes of this section, unless the context
25 otherwise requires:

26 (1) "*Facility*" means the same as defined in section
27 514J.102.

28 (2) "*Health care professional*" means the same as defined in
29 section 514J.102.

30 (3) "*Health care provider*" or "*provider*" means a health care
31 professional or a facility.

32 (4) "*Health care services*" means the same as defined in
33 section 514J.102.

34 (5) "*Health insurer*" means an entity subject to the
35 insurance laws and regulations of this state, or subject to

1 the jurisdiction of the commissioner, that contracts or offers
2 to contract to provide, deliver, arrange for, pay for, or
3 reimburse any of the costs of health care services, including
4 an insurance company offering sickness and accident plans under
5 chapter 509, 514, or 514A, a health maintenance organization,
6 a nonprofit health service corporation, or any other entity
7 providing a plan of health insurance, health benefits, or
8 health services.

9 **b.** A health care provider shall have up to three hundred
10 sixty-five calendar days after the date of provision of health
11 care services to timely submit a claim to a health insurer for
12 the health care services provided by the provider.

13 **c.** A health care provider shall have up to three hundred
14 sixty-five calendar days from the date of last adjudication by
15 a health insurer to resubmit a claim for adjustment of a paid
16 claim, or for reconsideration of a denied claim.

17 **d.** A claim submitted by a health care provider shall not be
18 paid by a health insurer if the claim is received by the health
19 insurer two or more years from the date of provision of health
20 care services by the health care provider.

21 **e.** This subsection shall not apply to Medicaid providers and
22 Medicaid managed care organizations.

23 **2. a.** A health insurer shall either accept and pay a clean
24 claim, or deny a clean claim.

25 **b.** For purposes of this subsection, "*clean claim*" means
26 a properly completed paper or electronic billing instrument
27 containing all reasonably necessary information that does not
28 involve coordination of benefits for third-party liability,
29 preexisting condition investigations, or subrogation, and that
30 does not involve the existence of particular circumstances
31 requiring special treatment that prevents a prompt payment from
32 being made.

33 **c.** The commissioner shall adopt rules establishing processes
34 for timely adjudication and payment of claims by health
35 insurers. The rules shall be consistent with the time frames

1 and other procedural standards for claims decisions by group
2 health plans established by the United States department of
3 labor pursuant to 29 C.F.R. pt. 2560 in effect on January 1,
4 2020.

5 *d.* Payment of a clean claim shall include interest at the
6 rate of ten percent per annum when a health insurer, or an
7 entity that administers or processes claims on behalf of the
8 health insurer, fails to timely pay a claim.

9 *e.* This subsection shall not apply to liability insurance,
10 workers' compensation or similar insurance, automobile or
11 homeowners' medical payment insurance, disability income, or
12 long-term care insurance.

13 Sec. 4. Section 507B.6, subsection 1, Code 2019, is amended
14 to read as follows:

15 1. Whenever the commissioner believes that any person has
16 been engaged or is engaging in this state in any unfair method
17 of competition or any unfair or deceptive act or practice
18 whether or not defined in [section 507B.4](#), ~~507B.4A~~ [507B.04B](#), or
19 507B.5 and that a proceeding by the commissioner in respect
20 to such method of competition or unfair or deceptive act or
21 practice would be in the public interest, the commissioner
22 shall issue and serve upon such person a statement of the
23 charges in that respect and a notice of a hearing on such
24 charges to be held at a time and place fixed in the notice,
25 which shall not be less than ten days after the date of the
26 service of such notice.

27 Sec. 5. Section 507B.12, subsection 1, Code 2019, is amended
28 to read as follows:

29 1. The commissioner may, after notice and hearing,
30 promulgate reasonable rules, as are necessary or proper to
31 identify specific methods of competition or acts or practices
32 which are prohibited by [section 507B.4](#), ~~507B.4A~~ [507B.04B](#), or
33 507B.5, but the rules shall not enlarge upon or extend the
34 provisions of such sections. Such rules shall be subject to
35 review in accordance with [chapter 17A](#).

S.F. _____

1 Sec. 6. Section 514F.6, subsection 2, paragraph b, Code
2 2019, is amended to read as follows:

3 *b. "Clean claim"* means the same as defined in section
4 ~~507B.4A~~ 507B.04B, subsection 2, paragraph "b".

5	EXPLANATION
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6 The inclusion of this explanation does not constitute agreement with
7 the explanation's substance by the members of the general assembly.

8 This bill relates to the timely submission of claims by
9 health care providers to health insurers. The bill defines
10 "health insurer", "health care provider", and "health care
11 services".

12 The bill provides that a health care provider shall have
13 up to 365 days after the date of the provision of health care
14 services to submit a claim to a health insurer. The provider
15 has up to 365 days from the date of the last adjudication
16 by a health insurer to resubmit a claim for adjustment or
17 reconsideration. A claim submitted two or more years from the
18 date of provision of health care services shall not be paid by
19 an insurer. These provisions of the bill apply to all health
20 insurers and health care providers except Medicaid providers
21 and Medicaid managed care organizations.

22 The bill makes conforming changes.